

New Public Management: implications for public sector auditing

Throughout the twentieth century, auditing of public sector financial activity has not been satisfactory despite efforts made to achieve adequate integration, on the one hand, of the aims of auditing the legality and, on the other, of auditing the economy and efficiency of public spending as well as the effectiveness of the objectives established in budgetary policy.

The dynamics of public spending growth based on the traditional contributions of the so-called Wagner's Law, and its explanation divided between both the seminal contributions of Peacock-Wiseman and R.A. Musgrave's detailed description, which take into account both the various economic systems in which it is carried out and the different level of economic development of a wide range of countries, have not achieved significant advances in the service of public sector auditing either.

In the last two decades of the twentieth century, although liberal-reductionist public sector doctrines allowed to slow down – and even reduce – formerly unstoppable public sector growth, they have not been able to put themselves at the service of – or have not managed to cooperate in – the achievement of an adequate control of public spending aimed at showing the public a tangible improvement in the transparency of quantitative aims (kilometres of road, hospital beds, increased social services, etc.) or qualitative aims (a reduction in school dropout rates, improved levels of health, improved quality of the environment, etc.).

On the one hand, this means a greater lack of confidence in the possibilities of the public sector to ensure an improvement in the results obtained through social public spending – particularly in education, health, pensions and housing – and the appropriateness, or not, of its gradual replacement by the private provision of goods and services, which were formerly publicly provided.

On the other, improvements in economy and efficiency and in qualitative and quantitative aims, which it has been argued could be achieved with new budgetary formulas (PPBS, Zero Base Budget, by objectives, etc.) and with economic measuring instruments (cost-benefit analysis, efficiency-X analysis, etc.), have offered minimally satisfactory results on a growing volume of public spending.

In light of social needs of varying intensity, according to the different social models (European vs. North American) and as a consequence of the differing levels of development in different countries, all of this means and calls for a different proposal of models for the public sector – an alternative to the replacement by private provision in many important areas of public spending – with a different level of provision for collective needs.

The emerging twenty-first century public sector not only demands an innovative approach of the instrumental techniques used in recent years by public management, which cannot easily replace those which have been used up until now as suggested by the contributions of Osborne and Plastrick, but of the proposal drawn up, which in part limits the aims of *a posteriori* external auditing of public sector financial activity, clarified as follows: accentuating the intensity of auditing the legality of certain aspects, re-emphasising the importance of public revenue, which has been widely ignored in recent years, and concentrating public spending auditing on definite and specific projects, particularly in terms of economy and efficiency as well as of effectiveness in results, which enable an adequate comparison between alternative projects to be made.

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